

MOUNTAIN VISTA FIRE DISTRICT

FINANCIAL STATEMENTS

June 30, 2011

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**MOUNTAIN VISTA FIRE DISTRICT
TUCSON, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2011**

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**MOUNTAIN VISTA FIRE DISTRICT
TUCSON, ARIZONA
FINANCIAL STATEMENTS
JUNE 30, 2011**

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JAMES H. SAUNDERS, CPA, CFE, CFF, CGFM, PI.

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CERTIFIED FRAUD EXAMINER
CERTIFIED IN FINANCIAL FORENSICS
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INDEPENDENT AUDITOR'S REPORT

To the Members of the District Board
Mountain Vista Fire District
Tucson, Arizona

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain Vista Fire District, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2011, and the respective changes in financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 31, 2011 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Arizona Annual Report information is not a required part of the basic financial statements, but is supplemental information required by Arizona Revised Statutes. This additional information has not been subjected to the auditing procedures applied to the audit of the basic financial statements and accordingly, I do not express an opinion or provide any assurance on this information.

This report is intended solely for the information and use of the governing body and management of the District and for filing with the County Board of Supervisors, the County Treasurer and other regulatory agencies of the State of Arizona and the United States government. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

James H. Saunders, CPA

Glendale, Arizona
December 31, 2011



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Mountain Vista Fire District

Management's Discussion and Analysis of Basic Financial Statements June 30, 2011

The following discussion and analysis of the Mountain Vista Fire District's financial performance presents management's overview of the District's financial activities for the year ended June 30, 2011. Please read it in conjunction with the District's basic financial statements which begin immediately following this analysis. This annual financial report consists of two parts, Management's Discussion and Analysis (this section) and the Basic Financial Statements.

Nature of Operations

The Mountain Vista Fire District provides fire and emergency medical services to homes, property and persons residing within the District boundaries, as well as services to locations and persons outside the District through mutual aid agreements and fee for service responses. The Fire District contracts for manpower and resources with Rural Metro Fire Department, Inc.

Results of Operations

- λ The Mountain Vista Fire District responded to the following calls during the period July 1, 2010 - June 30, 2011:

Fire-related	126
Emergency Medical	1,173
Other	<u>1,317</u>
TOTAL	2,616

- λ In July 2010, the District purchased 2 custom Predator Pumper Engines from KME Fire Apparatus.
- λ In November 2010, the District purchased a 2011 Ford Expedition XL 4x4 for use by the MVFD Fire Chief/CEO.
- λ In November, 2010, the District completed construction of an 11, 500 sq. ft. fire station at 9310 N. Shannon Road.
- λ In December 2010, the District purchased a Quint Ladder Engine from KME Fire Apparatus.
- λ On January 8, 2011 a Station Dedication ceremony and celebration was held for the Shannon station.
- λ On February 10, 2011 a ground-breaking ceremony was held for the new station/administrative complex at 1175 W. Magee Road. The complex will be housed on 3.5 acres, and will be comprised of a 14,336-square foot fire station, a 3,880-square foot administration building, and a 1,719-square foot training room/public meeting room.
- λ In September of 2011, the District assisted with the building of a playground dedicated to Christina Taylor Green, youngest victim of the January 8, 2011 shooting incident.
- λ The EDITH trailer was used for several community events during the fiscal year.

Financial Highlights

- λ District investment in capital assets increased by \$4,127,175 or 174.91%.
- λ The District's net assets increased \$1,184,306 or 24.44% from the previous fiscal year.
- λ Program and General revenue increased \$423,369 or 9.70% over the previous fiscal year.
- λ At the end of the current fiscal year, unrestricted net assets for the District were \$4,246,782.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District's overall financial position has improved or deteriorated.

Government - Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Net Assets June 30, 2011

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Invested in Capital Assets, Net of related Debt	\$ (1,111,236)	\$ (1,573,441)
Restricted Net Assets (Note 13)	2,932,783	1,907,741
Unrestricted Net Assets (Note 13)	<u>4,246,792</u>	<u>4,549,723</u>
Total Net Assets	<u>\$ 6,068,339</u>	<u>\$ 4,884,023</u>

Governmental Activities

Most of the revenues for the District were derived from assessed property taxes and Fire District Assistance Tax from the County.

General Fund Budgetary Highlights

During the fiscal year ended June 30, 2011, the District successfully achieved their budgetary goals with no significant differentials.

Capital Asset and Debt Administration

Capital Assets

In order to continue to provide the best service possible, the District spends a portion of the budget on fixed asset acquisition and capital projects. For fiscal year ended 2011 the District purchased, had contributed, or constructed the following assets:

- λ Purchased a Ford Expedition XL
- λ Purchased 2 Pumper Engines
- λ Purchased 1 Quint Ladder Engine
- λ Completed construction on a Fire Station at 9310 N. Shannon Road
- λ Began construction on a new 19,935-square foot Fire Station/Administrative Complex at 1175 W. Magee Road

Capital Assets, Net of Depreciation June 30, 2011

	BALANCE <u>06/30/2010</u>	BALANCE <u>06/30/2011</u>
<u>Depreciable Assets</u>		
Vehicles	\$ 0	\$ 1,270,224
Buildings	0	2,708,314
Equipment, Admin	23,191	23,191
Equipment, Fire	<u>21,004</u>	<u>99,381</u>
Total Historical Costs	<u>44,195</u>	<u>4,101,110</u>
Less Accum Depreciation		
Vehicles	0	100,428
Buildings		
Equipment, Admin	5,246	8,559
Equipment, Fire	<u>2,000</u>	<u>11,062</u>
Less: Total Accumulated Depreciation	<u>7,246</u>	<u>120,049</u>
Depreciable Capital Assets, Net	36,949	3,981,061
<u>Non-Depreciable Assets</u>		
Construction in Progress	1,132,704	1,315,777
Land	<u>1,190,000</u>	<u>1,190,000</u>
Capital Assets, Net	<u>\$2,359,653</u>	<u>\$ 6,486,838</u>

Long Term Debt

At the end of the current fiscal year, the District had debt outstanding of \$7,598,064 . All of the debt is backed by the full faith and credit of the District.

Outstanding Debt

	Balance <u>June 30, 2010</u>	Balance <u>June 30, 2011</u>
McGee Bldg/Land	\$ 0	\$ 4,770,144
Shannon Building	2,926,979	2,827,920
McGee Land	526,157	0
Shannon Land	<u>479,958</u>	<u>0</u>
Total Lease/Purchases	<u>\$ 3,933,094</u>	<u>\$ 7,598,064</u>

Factors Affecting Future Results

The District is subject to general economic conditions such as increases or declines in property tax value or other types of revenues that vary with economic conditions.

As of July 1, 2011, the District began a nationwide search for a new Administrative Fire Chief/CEO. It is anticipated that the successful candidate will be on board in November 2011.

The District Administrative offices plan to relocate to the new Magee Station/Administrative Complex by the end of 2011.

A Dedication ceremony will be held for the new station in early 2012.

Contacting The District

This financial report is designed to provide an overview of the District's finances for anyone with an interest in the government's finances. Any questions regarding this report or requests for additional information may be directed to Mountain Vista Fire District at 2292 W Magee Road, Ste 190, Tucson, Az 85742. As of January 2012, the new address will be 1175 W Magee Road, Tucson, AZ 85742.



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BASIC FINANCIAL STATEMENTS

**MOUNTAIN VISTA FIRE DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011**

Exhibit A

**Governmental
Activities**

ASSETS

Cash & Cash Equivalents (Note 3)	\$ 7,175,222
Prepaid Rental	3,186
Rental Security Deposit	3,000
Receivables:	
Property Taxes (Note 6)	173,963
Total Capital Assets, Net (Note 7)	<u>6,486,838</u>
Total Assets	<u>13,842,209</u>

LIABILITIES

Payroll Taxes Payable	1,843
Deferred Revenue (Note 6)	173,963
Lease/Purchases Payable (Note 10)	
Portion due within one year	259,094
Portion due after one year	<u>7,338,970</u>
Total Liabilities	<u>7,773,870</u>

NET ASSETS

Invested in Capital Assets, Net of related Debt	(1,111,226)
Restricted Net Assets (Note 11)	2,932,783
Unrestricted Net Assets (Note 11)	<u>4,246,782</u>
Total Net Assets	<u>\$ 6,068,339</u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**MOUNTAIN VISTA FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Exhibit B

**Governmental
Activities**

EXPENSES

Public Safety - Fire/EMS Protection	
Personnel Services	\$ 96,760
Materials & Services	3,393,037
Depreciation	<u>112,803</u>
 Total Program Expenses	 <u>3,602,600</u>

PROGRAM REVENUES

Charges for Service	<u>14,272</u>
Total Program Revenues	<u>14,272</u>
Net Program Expense	<u>3,588,328</u>

GENERAL REVENUES

Property Taxes	3,854,100
Fire District Assistance	889,530
Investment Earnings	<u>29,014</u>

Total General Revenues	<u>4,772,644</u>
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Increase in Net Assets	1,184,316
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NET ASSETS-BEGINNING OF THE YEAR	<u>4,884,023</u>
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NET ASSETS-END OF THE YEAR	<u><u>\$ 6,068,339</u></u>
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**MOUNTAIN VISTA FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

Exhibit C

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents (Note 3)	\$ 2,714,755	\$ 4,460,467	\$ 7,175,222
Prepaid Rent	3,186	-	3,186
Prepaid Security Deposit	3,000	-	3,000
Receivables:			
Property Taxes (Note 6)	<u>173,963</u>	<u>-</u>	<u>173,963</u>
 Total Assets	 <u>\$ 2,894,904</u>	 <u>\$ 4,460,467</u>	 <u>\$ 7,355,371</u>
LIABILITIES			
Payroll Taxes Payable	\$ 1,843	\$ -	\$ 1,843
Deferred Revenue (Note 6)	<u>173,963</u>	<u>-</u>	<u>173,963</u>
 Total Liabilities	 <u>175,806</u>	 <u>-</u>	 <u>175,806</u>
FUND BALANCES			
Restricted (Note 11)	-	2,932,783	2,932,783
Committed (Note 11)	-	1,527,684	1,527,684
Unassigned	<u>2,719,098</u>	<u>-</u>	<u>2,719,098</u>
 Total Fund Balances	 <u>2,719,098</u>	 <u>4,460,467</u>	 <u>7,179,565</u>
 Total Liabilities & Fund Balances	 <u>\$ 2,894,904</u>	 <u>\$ 4,460,467</u>	 <u>\$ 7,355,371</u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**MOUNTAIN VISTA FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2011**

Exhibit D

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUE			
Property Taxes	\$ 3,854,100	\$ -	\$ 3,854,100
Fire District Assistance Tax	889,530	-	889,530
Fees for Service	14,272	-	14,272
Interest	16,215	12,798	29,013
Total Revenues	<u>4,774,117</u>	<u>12,798</u>	<u>4,786,915</u>
EXPENDITURES			
Current:			
Public Safety	3,224,487	-	3,224,487
Administration	172,094	54	172,148
Debt Service			
Principal	152,264	952,909	1,105,173
Interest	171,133	-	171,133
Capital Outlay	1,425,338	2,736,679	4,162,017
Total Expenditures	<u>5,145,316</u>	<u>3,689,642</u>	<u>8,834,958</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(371,199)</u>	<u>(3,676,844)</u>	<u>(4,048,043)</u>
Other Financing Sources (Uses)			
Lease Proceeds	-	4,770,144	4,770,144
Transfers	(192,133)	192,133	-
Total Other Financing Sources (Uses)	(192,133)	4,962,277	4,770,144
Net Change in Fund Balances	(563,332)	1,285,433	722,101
Fund Balances-Beginning of Year	<u>3,282,430</u>	<u>3,175,034</u>	<u>6,457,464</u>
Fund Balances-End of Year	<u>\$ 2,719,098</u>	<u>\$ 4,460,467</u>	<u>\$ 7,179,565</u>

-The Notes to the Financial Statements are an Integral Part of This Statement-

**MOUNTAIN VISTA FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Exhibit E

**Reconciliation of Governmental Fund Balance to Net Assets
(Exhibit A) of governmental activities:**

Fund Balances - Total Governmental Funds (Exhibit C) \$ 7,179,565

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital Assets used in governmental activities are
not financial resources and, therefore are not
reported in the other funds.

Governmental Capital Assets	6,606,887	
Less: Accumulated Depreciation	<u>(120,049)</u>	
		6,486,838

Long-term liabilities are not due and payable
in the current period and therefore are not
reported in the funds.

(7,598,064)

Net Assets of Governmental Activities (Exhibit A)

\$ 6,068,339

-The Notes to the Financial Statements are an Integral Part of This Statement-

**MOUNTAIN VISTA FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2011**

Exhibit F

**Reconciliation of the change in fund balance-total governmental funds
to the change in net assets of governmental activities:**

Net Change in Fund Balances -		
Total Governmental Funds (Exhibit D)	\$	722,101

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		4,127,185
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The issuance of long-term debt (e.g., bonds, leases, leave) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(3,664,970)
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Change in Net Assets of Governmental Activities (Exhibit B)		\$ 1,184,316
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-The Notes to the Financial Statements are an Integral Part of This Statement-

**MOUNTAIN VISTA FIRE DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

Exhibit G

**Volunteer
Pension
Fund**

ASSETS

Cash & Cash Equivalents	<u>\$ 145,875</u>
Total Assets	<u>145,875</u>

LIABILITIES

Accounts Payable	<u>-0-</u>
Total Liabilities	<u>-0-</u>

NET ASSETS

Held in trust for pension and other purposes	<u><u>\$ 145,875</u></u>
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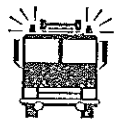
-The Notes to the Financial Statements are an Integral Part of This Statement-

**MOUNTAIN VISTA FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

Exhibit H

	<u>Volunteer Pension Fund</u>
ADDITIONS	
Other	
Contributions	\$ -
Total Other Contributions	<u>-</u>
Investment Earnings:	
Interest & Dividends	<u>621</u>
Total Additions	<u>621</u>
DEDUCTIONS	
Distributions	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Assets	621
Net Assets - Beginning	<u>145,254</u>
Net Assets - Ending	<u>\$ 145,875</u>

-The Notes to the Financial Statements are an Integral Part of This Statement-



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MOUNTAIN VISTA FIRE DISTRICT
TUCSON, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The District is a local governmental unit formed as a political subdivision of the local county which is a political subdivision of the State of Arizona. The District was formed under the provisions of Title 48 of Arizona Revised Statutes. The District operates under the guidance of an elected board, which is the policy making body of the District. The purpose of the District is to provide fire protection, emergency medical and related services to the residents and guests of the District and the surrounding area. The day to day operations are supervised by a fire chief and his staff.

The District has the power to issue bonds, levy taxes, bill for services and raise revenues with the power of the County government. The District has the power to expend public funds for any legitimate purpose required to further its needs. The District operates as an independent governmental agency directly responsible to the local taxpayers and voters.

INTRODUCTION

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

BASIC FINANCIAL STATEMENTS

The accounting policies for the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to users of the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available as net current assets. All sources of revenue except interest become measurable when the District has rendered a service. Interest revenue is measurable when its rate becomes known. Revenues are considered available if they are received within 60 days of the end of any accounting period. Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for the construction of capital projects other than those which are voter approved by a bond issue, therefore, capital projects funded by District operating revenues or Lease/Purchase arrangements.

The *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. This fund's activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial standards to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The District has elected not to follow subsequent private-sector guidance.

Financial Statements Amounts

Cash & Cash Equivalents

All savings, checking and money market accounts with an original maturity of less than 60 days are considered to be cash equivalents.

Prepaid Items

Payments to vendors that benefit future accounting periods are classified as prepaid items until charged to expenditures in the period benefited.

Deferred Revenue

Deferred revenue (in the fund financial statements) represents property taxes earned during the year but not collected in time to be available to finance the current year's operation.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	27.5 to 40 years
Equipment	5 to 7 years
Fire Trucks	10 years
Automobiles	5 years
Office Equipment	5 years

Compensated Absences

Accumulated unpaid vacation and leave time is normally accrued when incurred. The anticipated current portion of employee leave is accrued in the governmental fund, while the long term portion is recorded only in the long term group of accounts.

Long-Term Obligations

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

Fund Balances on Government Wide Financial Statements – Schedule A

Fund Equity, as defined in GASB Statement No. 34, “Basic Financial Statements for State and Local Governments” is defined as net assets and is classified in the following categories:

- λ Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- λ Unrestricted fund balance – amounts in this fund balance area is the balance of equity which is not included in the Restricted fund balance and the Investments in Net Assets balances.
- λ Investment in Capital Assets, Net of Related Debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Fund Balances on Government Fund Financial Statements – Schedule C

Beginning with fiscal year ended June 30, 2010, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- λ Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- λ Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- λ Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.
- λ Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.
- λ Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the District's governmental funds were restated to reflect the above classifications. District Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by District Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amount and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

During the last quarter of the fiscal year, the ensuing years operating budget, including proposed expenditures and the means of financing them, is compiled by the Fire Chief. A public hearing is held on the budget subsequent to the publication of the proposed budget. Once the proposed budget is prepared it must be published in a newspaper of general circulation in the County in which the District is located at least twenty days prior to a budget hearing. Notice of the hearing must also be posted in at least three public locations in the District and posted to the District website at least twenty days prior to the hearing, provided the District maintains a website. Copies of the proposed budget must also be provided upon written request. Once the budget hearing is held, the District Board approves the budget. After approval by the District Board the budget is then sent to the County Board of Supervisors no later than August 1st of each year as required by ARS 48-807(e).

Budgets are adopted by the District on a basis consistent with ARS 48-807. This basis allows the District Board or Fire Chief to alter the budget within the total expenditure allocation as needed during the year. The District management generally cannot exceed the total expenditure budget.

Encumbrance accounting is not employed by the District. All appropriations lapse at year-end.

NOTE 3 - DEPOSITS, INVESTMENT RISK & CASH MANAGEMENT

Deposits and Investments

On July 20, 2011, the Arizona State Legislature changed the laws regarding the financial obligations of the District as they relate to bank accounts, budgeting and money management. (ARS-35-323) Those changes are reflected in the following information.

The deposit of public funds is regulated by Arizona Revised Statutes (ARS). ARS 48-807 allows the District to establish bank accounts with any financial institution that is authorized to do business in the State of Arizona for the purpose of operating a payroll account, holding contributions, grants, special revenues or trust monies as necessary to fulfill the District's fiduciary responsibilities. The District may also establish, through the County Treasurer, accounts for monies from taxes, grants, contributions and donations. The County Treasurer is required to establish a fund known as the "fire district general fund" for the receipt of all taxes levied on behalf of the District.

The District may register warrants only if separate accounts are maintained by the County Treasurer for each governmental fund of the District. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue accounts, and only if the total cash balance of all three accounts is insufficient to pay the warrants and only after any revolving line of credit has been expended. Registered warrants may not exceed ninety per cent of the taxes levied by the County for the District's current fiscal year. Registered warrants bear interest as prescribed by statute and are redeemed as provided for by law for County warrants.

Unless monies are legally restricted by contract, agreement or law, those monies may be transferred between accounts according to the original or amended budget of the Fire District.

Any surplus remaining the fire district general fund at the end of the fiscal year shall be credited to the fire district general fund of the district for the succeeding fiscal year and after subtraction of accounts payable and encumbrances, shall be used to reduce the tax levy for the following year.

The District accounts with the County Treasurer are part of an investment pool operated by the County Treasurer which is in turn invested in the Local Government Investment Pool (LGIP) operated by the Arizona State Treasurer. The risk category (defined below) cannot be determined, as the District does not own identifiable securities, but only as a shareholder in the statewide pool.

Financial institutions accepting governmental monies in the State of Arizona are required to collateralize at 101% all government deposits which exceed the FDIC insurance limit. The current FDIC limit is \$250,000.00. The collateralization is required to be separately identifiable securities and be held by a third party financial institution or trust agency.

The District may also place monies in investments which are subject to the risks identified below.

The following is a summary of the Cash and Cash Equivalents held by financial institutions at June 30, 2011:

DEPOSITORY ACCOUNTS:

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured Deposits (FDIC)	\$ 250,000	\$ 250,000	\$ 0	\$ 500,000
Collateralized Accounts	241,192	4,210,467	145,875	4,597,534
Uninsured & uncollateralized	<u>2,225,387</u>	<u>0</u>	<u>0</u>	<u>2,225,387</u>
Total Deposits	2,716,579	4,460,467	145,875	7,322,921
In Transit Items	<u>(1,824)</u>	<u>0</u>	<u>0</u>	<u>(1,824)</u>
Total Cash & Cash Equivalents	<u>\$2,714,755</u>	<u>\$4,460,467</u>	<u>\$ 145,875</u>	<u>\$7,321,097</u>

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The District does not invest in any identifiable securities. District investments are limited to open-end mutual funds.

<u>Custodial Credit Risk For:</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer Pool	Unrated	Not Applicable	\$2,225,387

Credit Risk Statutes authorize the District to invest in obligations of the U.S. Treasury and federal agency securities, along with certain public obligations, such as bonds or other obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state in which the District invests, that are rated in the highest rating category of nationally recognized statistical rating organizations.

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

The District normally invests only in FDIC insured bank accounts, accounts collateralized above FDIC insurance limits in commercial banks, the County Treasurer's investment pool, which is reinvested in the Arizona State Treasurer Local Government Investment Pool (LGIP), and open-end mutual stock funds of commercial brokerage firms.

No ratings were available for any of the District's investments and those investments are considered unrated.

Concentration of Credit Risk Concentration of credit risk is associated with investments in any one issuer that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are considered as excluded from this requirement.

The District invests only in FDIC banking institutions, mutual funds and government investment pools. The District does not have a policy relating to concentration of credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Interest rate risk factors and information are not available for the mutual fund investments of the District.

The weighted average maturity of the LGIP-GOV pool at June 30, 2011 was 47 days or 0.128 years.

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and the public; and natural or manmade disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have never exceeded commercial insurance coverage for the District.

In addition, as the owner and operator of emergency response vehicles, the District is exposed to a high risk of loss related to these activities. The District carries commercial insurance on all vehicles and requires insurance coverage on all privately owned vehicles used for District activities.

Custodial risk of deposit and investment accounts is the risk that in the event of a failure, the District's deposits may not be returned to it. The District does not have a policy for custodial risk, concentration of risk, concentration of credit risk, interest rate risk, or foreign currency risk for deposits or investments.

NOTE 4 - INVENTORIES

The costs of governmental fund-type inventories are recorded as expenditures when purchased. All inventories of the District are considered immaterial.

NOTE 5 - RECEIVABLES

General and governmental fund receivables are recorded as received except for those funds collected and held by other governments on behalf of the Fire District. These amounts are recorded as soon as they are measurable and available in accordance with governmental accounting standards.

NOTE 6 - DEFERRED REVENUES

Deferred Taxes Receivable arises when property taxes are levied by not currently collected. The collectible portion (taxes levied less estimated uncollectible) are recorded as deferred revenue in the period when an enforceable legal claim to the assets arises.

The County Treasurer reported \$173,963 in outstanding delinquent taxes due the District at June 30, 2011. This amount is reported as deferred revenue.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended.

	BALANCE 06/30/2010	ADDITIONS	DELETIONS	BALANCE 06/30/2011
<u>Depreciable Assets</u>				
Vehicles	\$ 0	\$ 1,270,224	\$ 0	\$ 1,270,224
Buildings	0	2,708,314		2,708,314
Equipment, Admin	23,191			23,191
Equipment, Fire	<u>21,004</u>	<u>78,377</u>	<u>0</u>	<u>99,381</u>
Total Historical Costs	<u>44,195</u>	<u>4,056,915</u>	<u>0</u>	<u>4,101,110</u>
Less Accum Depreciation				
Vehicles	0	100,428		100,428
Buildings				
Equipment, Admin	5,246	3,313		8,559
Equipment, Fire	<u>2,000</u>	<u>9,062</u>	<u>0</u>	<u>11,062</u>
Less: Total Accumulated Depreciation	<u>7,246</u>	<u>112,803</u>	<u>0</u>	<u>120,049</u>
Depreciable Capital Assets, Net	36,949	3,944,112	0	3,981,061
<u>Non-Depreciable Assets</u>				
Construction in Progress	1,132,704	1,315,777	1,132,704	1,315,777
Land	<u>1,190,000</u>	<u>0</u>	<u>0</u>	<u>1,190,000</u>
Capital Assets, Net	<u>\$2,359,653</u>	<u>\$5,259,889</u>	<u>\$ 1,132,704</u>	<u>\$ 6,486,838</u>

NOTE 8 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 9 – LONG-TERM INDEBTEDNESS

In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities or business-type activities in the statement of net assets.

General Obligation Bonds

The District does not currently have any general obligation bonds.

Operating Leases

The District entered into an operating lease for administrative and office space. This lease commenced on November 1, 2008 and expires on September 30, 2012. The current monthly rental payment is \$3,170.00. The District does not expect to renew the lease as facilities owned by the District are under construction.

Capital Leases

McGee Building /Land Lease-Purchase: On April 1st 2011 the District entered into a lease-purchase agreement with Zions First National Bank for the purchase of land and construction of a new fire station. The original amount of the lease was \$4,770,144 with Quarterly payments of \$88,522.73 ending on April 1st 2031 at an interest rate of 4.212%.

Shannon Building Lease-Purchase: On August 20th 2009 the District entered into a lease-purchase agreement with Zions First National Bank for the construction of a new fire station. The original amount of the lease was \$3,000,000 with Quarterly payments of \$56,548.28, starting on November 15th 2009 and ending on August 15th 2029 at an interest rate of 4.399%.

McGee Land Lease-Purchase: On January 15th 2010 the District entered into a lease-purchase agreement with Zions First National Bank for the purchase of land for a new fire station. The original amount of the lease was \$530,000 with Quarterly payments of \$10,811.47, starting on April 15th 2010 ending on January 15th 2030 at an interest rate of 5.259%. This was consolidated into the Building/Land McGee Lease-Purchase.

Shannon Land Lease-Purchase: On October 10th 2008 the District entered into a lease-purchase agreement with Zions First National Bank for the purchase of land for a new fire station. The original amount of the lease was \$500,000 with Quarterly payments of \$10,072.71 ending on November 15th 2028 at an interest rate of 4.988%. This note was paid off during the Fiscal year.

Changes in Long-Term Indebtedness :

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
McGee Bldg/Land	\$ 0	\$4,770,144	\$ 0	\$ 4,770,144
Shannon Building	2,926,979	0	99,058	2,827,920
McGee Land	526,157	0	526,157	0
Shannon Land	<u>479,958</u>	<u>0</u>	<u>479,958</u>	<u>0</u>
Total Lease/Purchases	<u>\$ 3,933,094</u>	<u>\$4,770,144</u>	<u>\$1,105,174</u>	<u>\$ 7,598,064</u>

NOTE 10 - FUTURE MINIMUM LEASE/PURCHASE OBLIGATIONS

The future minimum lease/purchase obligations and the net present value of these minimum lease/purchase payments as of June 30, 2011, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 259,094	\$ 321,189	\$ 580,283
2013	270,381	309,903	580,284
2014	282,160	298,124	580,284
2015	294,451	285,833	580,284
2016	307,279	273,005	580,284
2017/2021	1,749,245	1,152,175	2,901,420
2022/2026	2,164,991	736,429	2,901,420
2017/2027	<u>2,270,463</u>	<u>235,120</u>	<u>2,505,583</u>
Total Obligation	7,598,064	<u>\$ 3,611,778</u>	<u>\$ 11,209,842</u>
Less amount due within 1 year	<u>259,094</u>		
Amount due after 1 year	<u>\$ 7,338,970</u>		

NOTE 11 - FUND BALANCE

The District's Net Assets balances consist of restricted, unrestricted, and net investment in capital assets amounts.

The District's Governmental Funds fund balances consists of restricted committed, assigned and unassigned amounts.

Restricted fund balance are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance is amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., District Board). To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint.

Assigned fund balance is amounts the District intends to use for a specific purpose. Intent can be expressed by the District Board or by an official or body to which the District Board delegates the authority.

Unassigned fund balance is amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The following are restricted, unrestricted, committed, assigned and unassigned fund balance designations as of the balance sheet date:

Net Assets:

Invested in Capital Assets, Net of Related Debt	(1,111,226)
Restricted Net Assets	2,932,783
Unrestricted Net Assets	<u>4,246,782</u>
Total Net Assets	<u>\$ 6,068,339</u>

Governmental Fund Balances:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Restricted	\$ -	\$ 2,932,783	\$ 2,932,783
Committed	-	1,527,684	1,527,684
Unassigned	<u>2,719,098</u>	<u>-</u>	<u>2,719,098</u>
Total	<u>\$ 2,719,098</u>	<u>\$ 4,460,467</u>	<u>\$ 7,179,565</u>

The Capital Projects Fund Balances are restricted by lease/purchase agreements. The committed amounts have been committed by governing board action.

NOTE 12 - PROPERTY TAXES

The District is authorized to levy property taxes in an amount sufficient to operate the District. This levy cannot exceed three dollars and twenty-five cents per one

hundred dollars of assessed valuation. It also cannot exceed the amount of the levy in the preceding tax year multiplied by 1.08.

The District levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

The District also levies various personal property taxes during the year, which are due at the same time as real property taxes.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

The taxpayers may, by vote of the electorate, authorize either a five year budget override or a permanent override, depending upon certain criteria being met. The taxpayers also may authorize the issuance of bonds for capital acquisitions in addition to the operating taxes referred to above.

The County collects a County-Wide Fire District Assistance Tax (FDAT) and distributes the funds to all Fire Districts in the County, according to a formula established by state law. The maximum awarded to a District cannot exceed \$400,000 per year.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Plan Descriptions

The District maintains a Volunteer Fire Pension Fund as allowed by ARS 9-951. This plan is administered by the District. The plan is reviewed by the Arizona State Fire Marshal's office.

Standard benefits vary by number of years of activity and funds available. Benefits are fixed by the local board at the time of retirement. Eligibility is minimum age of 18 years and 12 months of service. Maximum age does not apply. Retirement age is earlier of age 50 or 20 years of service. Entry dates are Jan 01 and July 01 of each year.

The local pension board has the authority to deviate from these guidelines as they feel necessary under an adopted alternative plan. The District has elected under ARS Title 9, Section 4 to establish an alternative plan which differs significantly from the standards referred to above.

NOTE 14 - POST EMPLOYMENT BENEFITS

The government provides certain health care and life insurance benefits for recently separated employees as required by the Federal law under COBRA. Any cost of health care and life insurance benefits would be short term and recognized as an expenditure as claims are paid. The District currently has no such claims.

NOTE 15 - SUBSEQUENT EVENTS

The 50th legislature for the State of Arizona, in their 1st session revised several statutes affecting Arizona Fire Districts. These statutes took effect on July 20, 2011. The statutes in their entirety can be found in Title 48 of the Arizona Revised Statutes (ARS). Some of the more significant changes are summarized as follows:

1. Audits of Arizona Special Districts were previously required to be conducted in accordance with *generally accepted auditing standards*. Revisions to this statute now require Audits to be conducted in accordance with *generally accepted government auditing standards*. This raises the level of Audit required from a financial audit to the next level of Audit commonly called a "Yellow Book" Audit. This will require Auditors to comply with additional standards issued by the comptroller general of the United States.
2. The new deadline for the filing of the Arizona Annual report with the County Treasurer and the County Board of Supervisors has been changed from 180 days after the end of the Fiscal year to 240 days after the end of the Fiscal year.
3. The legislature has clarified the types of bank accounts a Fire District may have in addition to the County Warrant Accounts and has defined how these funds must be handled in regards to fund balance at the end of the fiscal year.
4. The statute regarding Fire District Assistance Tax (FDAT) and how it is to be distributed to Districts has changed to raise the cap on these funds to \$400,000.00 from \$300,000.00. In addition, Districts that had previously merged or consolidated resulting in higher amounts of FDAT for the combined District will be capped at \$400,000.00 in the future beginning with the Fiscal year that starts July 1, 2012.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MOUNTAIN VISTA FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED
JUNE 30, 2011

Exhibit I

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 3,864,013	\$ 3,864,013	\$ 3,854,100	\$ (9,913)
Fire District Assistance	900,000	900,000	889,530	(10,470)
Fees for Service	-	-	14,272	14,272
Interest	22,200	22,200	16,215	(5,985)
Total Revenues	4,786,213	4,786,213	4,774,117	(12,096)
Expenditures:				
Current:				
Public Safety	1,673,513	1,673,513	3,224,487	(1,550,974)
Administration	188,100	188,100	172,094	16,006
Capital Outlay	2,924,600	2,924,600	1,748,735	1,175,865
Total Expenditures	4,786,213	4,786,213	5,145,316	(359,103)
Excess (Deficiency) of Revenues over Expenditures	-	-	(371,199)	(371,199)
Net Change in Fund Balance	-	-	(371,199)	(371,199)
Transfers	-	-	(192,133)	(192,133)
Net Change in Fund Balance	-	-	(563,332)	(563,332)
Fund Balances at Beginning of Year	0	0	3,282,430	3,282,430
Fund Balances at End of Year	\$ 0	\$ 0	\$ 2,719,098	\$ 2,719,098

MOUNTAIN VISTA FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2011

1. BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual. Accordingly, for the purpose of comparing budgeted expenditures to actual amounts, prior and current year encumbrances have been integrated with the amounts shown on the *Statement of Revenues, Expenditures, and Changes in Fund Balances*.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

The legal level of budgetary control attributed to the Board of Directors is considered at the objective or natural classification level, presented as subtotals in the schedule of budget to actual (e.g., total revenue, total salaries and benefits, total services and supplies, etc.).



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OTHER SUPPLEMENTARY INFORMATION

**MOUNTAIN VISTA FIRE DISTRICT
ANNUAL REPORT INFORMATION
FISCAL YEAR ENDED JUNE 30, 2011**

REGULAR FIRE BOARD MEETINGS:

<u>Date</u>	<u>Time</u>	<u>Location</u>
July 19, 2010	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
August 16, 2010	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
Sept 20, 2010	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
October 18, 2010	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
November 15, 2010	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
December 20, 2010	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
January 17, 2011	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
February 21, 2011	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
March 21, 2011	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
April 18, 2011	6:00 p.m.	2292 W Magee Road, Tucson, Arizona
May 16, 2011	6:30 p.m.	2292 W Magee Road, Tucson, Arizona
June 20, 2011	6:30 p.m.	2292 W Magee Road, Tucson, Arizona

BOARD MEMBERS:

<u>Name</u>	<u>Business Phone Number</u>	<u>Occupation</u>
Peter Archuleta	520-575-4087	
Donna Heidinger	520-575-4087	
Mike Treece	520-575-4087	
Jerry Phillips	520-575-4087	
Earle Ruhnke, Sr.	520-575-4087	

LOCATION OF POSTING OF MEETING NOTICES (all meetings):

MVFD District Office	2292 W Magee Road	Tucson, AZ
MVFD Property	9310 N Shannon Road	Tucson, AZ
Rural Metro Station	3761 W Cromwell	Tucson, AZ

LEGAL DESCRIPTION OF BOUNDARY CHANGES:

NONE.

**MOUNTAIN VISTA FIRE DISTRICT
GOVERNMENT AUDIT STANDARDS**

June 30, 2011



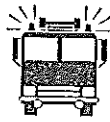
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**MOUNTAIN VISTA FIRE DISTRICT
TUCSON, ARIZONA**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

To the Members of the Board
Mountain Vista Fire District
Tucson, Arizona

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain Vista Fire District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued my report thereon dated December 31, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of the District in a separate letter dated December 31, 2011.

This report is intended solely for the information and use of the governing body and management of the District others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

James H. Saunders, CPA

Glendale, Arizona
December 31, 2011



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